

**TOWNSHIP OF RICHFIELD**  
**ROSCOMMON COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Richfield Township</b>		County <b>Roscommon</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/15/04</b>	Date Accountant Report Submitted to State: <b>9/29/04</b>		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

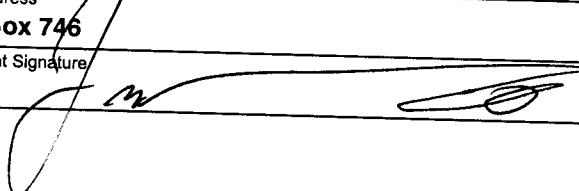
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, and the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Anderson &amp; Decker, P.C.</b>			
Street Address <b>P.O. Box 746</b>		City <b>Roscommon</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48653</b>	Date <b>9/29/04</b>

**TOWNSHIP OFFICIALS**

Supervisor

Florence A. Osborn

Clerk

Richard L. Zartman

Treasurer

Beverly Slominski

**TRUSTEES**

David Padden

James VanWormer

# TOWNSHIP OF RICHFIELD

## TABLE OF CONTENTS

	Page
Independent Auditors' Report . . . . .	1
COMBINED FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups . . . . .	2-3
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - All Governmental Fund Types . . . . .	4-5
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General, Special Revenue and Debt Service Funds . . . . .	6-8
Notes to Financial Statements . . . . .	9-20
SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Statement of Revenues Compared to Budget . . . . .	21
Statement of Expenditures Compared to Budget . . . . .	22-25
SPECIAL REVENUE FUNDS	
Combining Balance Sheet . . . . .	26-28
Combining Statement of Revenues, Expenditures and Changes in Fund Balance . . . . .	29-31
DEBT SERVICE FUNDS	
Combining Balance Sheet . . . . .	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance . . . . .	33
CAPITAL PROJECT FUNDS	
Combining Balance Sheet . . . . .	34-37
Combining Statement of Revenues, Expenditures and Changes in Fund Balance . . . . .	38-41
FIDUCIARY FUND	
Combining Balance Sheet - All Fiduciary Funds . . . . .	42
Statement of Changes in Assets and Liabilities - All Agency Funds . . . . .	43-44

TOWNSHIP OF RICHFIELD

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
ACCOUNT GROUPS	
Balance Sheets	
General Fixed Assets . . . . .	45
General Long-Term Debt . . . . .	46
OTHER REPORTS	
Report on Compliance and on Internal Control Over Financial Reporting based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . .	47-48



# Anderson & Decker, P.C.

**CERTIFIED PUBLIC ACCOUNTANTS**

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653  
(989) 275-8831

## INDEPENDENT AUDITORS' REPORT

September 15, 2004

Township Board  
Richfield Township  
Roscommon County, Michigan

We have audited the general purpose financial statements of the Township of Richfield, County of Roscommon as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Richfield, County of Roscommon, at March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 15, 2004, on our consideration of Richfield Township's internal control over financial reporting and our test of its compliance with certain provision of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Township of Richfield, County of Roscommon. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

ANDERSON & DECKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF RICHFIELD  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>				
Cash and investments	\$ 20,401	\$ 171,711	\$ 13,232	\$ 19,524
Taxes receivable	174,391	794,643	25,391	26,475
Accounts receivable	-0-	133,237	-0-	-0-
Interest receivable	6,300	-0-	-0-	-0-
Amount available in debt service funds	-0-	-0-	-0-	-0-
Amount to be provided for retirement of long-term debt	-0-	-0-	-0-	-0-
Property, plant and equipment	-0-	-0-	-0-	-0-
<b>Total Assets</b>	<u>\$ 201,092</u>	<u>\$ 1,099,591</u>	<u>\$ 38,623</u>	<u>\$ 45,999</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ -0-	\$ -0-	\$ -0-	\$ 804
Accounts payable	4,833	13,777	-0-	-0-
Due to governmental units	-0-	-0-	-0-	-0-
Undistributed collections	-0-	-0-	-0-	-0-
Deferred revenue	-0-	124,934	-0-	-0-
General long-term debt	-0-	-0-	-0-	-0-
<b>Total Liabilities</b>	<u>4,833</u>	<u>138,711</u>	<u>-0-</u>	<u>804</u>
<b>Fund Equity:</b>				
Investment in general Fixed assets	-0-	-0-	-0-	-0-
Fund balance - Designated	-0-	7,412	-0-	45,195
Fund balance - Undesignated	<u>196,259</u>	<u>953,468</u>	<u>38,623</u>	<u>-0-</u>
<b>Total Fund Equity</b>	<u>196,259</u>	<u>960,880</u>	<u>38,623</u>	<u>45,195</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 201,092</u>	<u>\$ 1,099,591</u>	<u>\$ 38,623</u>	<u>\$ 45,999</u>

See Accompanying Notes to Financial Statements

Fiduciary Fund Type	Account Groups		Totals (Memorandum) (Only)
Agency	General Fixed Assets	General Long-Term Debt	
\$ 888,827	\$ -0-	\$ -0-	\$ 1,113,695
-0-	-0-	-0-	1,020,900
-0-	-0-	-0-	133,237
-0-	-0-	-0-	6,300
-0-	-0-	19,524	19,524
-0-	-0-	99,304	99,304
-0-	2,035,291	-0-	2,035,291
<u>\$ 888,827</u>	<u>\$ 2,035,291</u>	<u>\$ 118,828</u>	<u>\$ 4,428,251</u>
\$ -0-	\$ -0-	\$ -0-	\$ 804
-0-	-0-	-0-	18,610
545	-0-	-0-	545
888,282	-0-	-0-	888,282
-0-	-0-	-0-	124,934
-0-	-0-	118,828	118,828
<u>888,827</u>	<u>-0-</u>	<u>118,828</u>	<u>1,152,003</u>
-0-	2,035,291	-0-	2,035,291
-0-	-0-	-0-	52,607
-0-	-0-	-0-	1,188,350
-0-	2,035,291	-0-	3,276,248
<u>\$ 888,827</u>	<u>\$ 2,035,291</u>	<u>\$ 118,828</u>	<u>\$ 4,428,251</u>



TOWNSHIP OF RICHFIELD  
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes and assessments	\$ 146,275	\$ 802,329	\$ 25,481
Intergovernmental	354,564	89,121	-0-
Charges for services	43,051	115,152	-0-
Fines and forfeitures	-0-	55,315	-0-
Licenses, permits and fees	1,898	41,025	-0-
Interest	3,646	4,411	443
Other	<u>19,981</u>	<u>56,902</u>	<u>-0-</u>
Total Revenues	<u>569,415</u>	<u>1,164,255</u>	<u>25,924</u>
Expenditures:			
General government	463,337	-0-	-0-
Fire	-0-	163,949	-0-
Law enforcement	-0-	312,361	-0-
Library	-0-	69,084	-0-
Ambulance	-0-	140,904	-0-
Sanitation	-0-	290,985	-0-
Road projects	-0-	-0-	15,791
Inspection	-0-	44,619	-0-
Recreation	-0-	23,060	-0-
Debt service:			
Principal	-0-	32,187	20,000
Interest and fees	<u>-0-</u>	<u>13,963</u>	<u>3,060</u>
Total Expenditures	<u>463,337</u>	<u>1,091,112</u>	<u>38,851</u>
Excess:			
Revenue over (under) expenditures	<u>106,078</u>	<u>73,143</u>	<u>(12,927)</u>
Other financing sources (uses):			
Operating transfers in	10,000	93,714	-0-
Operating transfers (out)	<u>(88,296)</u>	<u>(5,418)</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>(78,296)</u>	<u>88,296</u>	<u>(10,000)</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	27,782	161,439	(22,927)
Fund Balance - April 1	<u>168,477</u>	<u>799,441</u>	<u>61,550</u>
Fund Balance - March 31	<u>\$ 196,259</u>	<u>\$ 960,880</u>	<u>\$ 38,623</u>

See accompanying notes to financial statements

<u>Capital Projects</u>	<u>Totals (Memorandum (Only))</u>
\$ 26,475	\$ 1,000,560
-0-	443,685
-0-	158,203
-0-	55,315
-0-	42,923
-0-	8,500
<u>-0-</u>	<u>76,883</u>
<u>26,475</u>	<u>1,786,069</u>
-0-	463,337
-0-	163,949
-0-	312,361
-0-	69,084
-0-	140,904
-0-	290,985
28,751	44,542
-0-	44,619
-0-	23,060
-0-	52,187
<u>-0-</u>	<u>17,023</u>
<u>28,751</u>	<u>1,622,051</u>
<u>(2,276)</u>	<u>164,018</u>
-0-	103,714
<u>-0-</u>	<u>(103,714)</u>
<u>-0-</u>	<u>-0-</u>
(2,276)	164,018
<u>47,471</u>	<u>1,076,939</u>
<u>\$ 45,195</u>	<u>\$ 1,240,957</u>

TOWNSHIP OF RICHFIELD  
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
YEAR ENDED MARCH 31, 2004

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes and assessments	\$ 138,420	\$ 146,275	\$ 7,855
Intergovernmental	357,180	354,564	(2,616)
Charges for services	21,531	43,051	21,520
Fines and forfeitures	-0-	-0-	-0-
Licenses, permits, and fees	800	1,898	1,098
Interest	23,000	3,646	(19,354)
Other	13,000	19,981	6,981
Total Revenues	<u>553,931</u>	<u>569,415</u>	<u>15,484</u>
Expenditures:			
General government	497,685	463,337	34,348
Fire	-0-	-0-	-0-
Law enforcement	-0-	-0-	-0-
Library	-0-	-0-	-0-
Ambulance	-0-	-0-	-0-
Sanitation	-0-	-0-	-0-
Road projects	-0-	-0-	-0-
Inspection	-0-	-0-	-0-
Recreation	-0-	-0-	-0-
Debt service	-0-	-0-	-0-
Total Expenditures	<u>497,685</u>	<u>463,337</u>	<u>34,348</u>
Excess:			
Revenue over (under) expenditures	<u>56,246</u>	<u>106,078</u>	<u>49,832</u>
Other financing sources (uses):			
Operating transfers in	-0-	10,000	10,000
Operating transfers out	<u>(88,296)</u>	<u>(88,296)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(88,296)</u>	<u>(78,296)</u>	<u>10,000</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other uses	(32,050)	27,782	59,832
Fund Balance - April 1	<u>32,050</u>	<u>168,477</u>	<u>136,427</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ 196,259</u>	<u>\$ 196,259</u>

See Accompanying Notes to Financial Statements

Special Revenue Funds			Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 658,624	\$ 802,329	\$ 143,705	\$ 27,069	\$ 25,481	\$ (1,588)
88,600	89,121	521	-0-	-0-	-0-
71,355	115,152	43,797	-0-	-0-	-0-
49,000	55,315	6,315	-0-	-0-	-0-
34,300	41,025	6,725	-0-	-0-	-0-
6,560	4,411	(2,149)	-0-	-0-	-0-
14,100	56,902	42,802	10	443	433
			-0-	-0-	-0-
<u>922,539</u>	<u>1,164,255</u>	<u>241,716</u>	<u>27,079</u>	<u>25,924</u>	<u>(1,155)</u>
-0-	-0-	-0-	-0-	-0-	-0-
224,395	163,949	60,446	-0-	-0-	-0-
297,990	312,361	(14,371)	-0-	-0-	-0-
72,150	69,084	3,066	-0-	-0-	-0-
141,733	140,904	829	-0-	-0-	-0-
309,282	290,985	18,297	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
38,828	44,619	(5,791)	39,929	15,791	24,138
22,850	23,060	(210)	-0-	-0-	-0-
41,760	46,150	(4,390)	-0-	-0-	-0-
			<u>23,067</u>	<u>23,060</u>	<u>7</u>
<u>1,148,988</u>	<u>1,091,112</u>	<u>57,876</u>	<u>62,996</u>	<u>38,851</u>	<u>24,145</u>
<u>(226,449)</u>	<u>73,143</u>	<u>299,592</u>	<u>(35,917)</u>	<u>(12,927)</u>	<u>22,990</u>
93,714	93,714	-0-	-0-	-0-	-0-
(5,418)	(5,418)	-0-	-0-	(10,000)	(10,000)
<u>88,296</u>	<u>88,296</u>	<u>-0-</u>	<u>-0-</u>	<u>(10,000)</u>	<u>(10,000)</u>
(138,153)	161,439	299,592	(35,917)	(22,927)	12,990
<u>138,153</u>	<u>799,441</u>	<u>661,288</u>	<u>35,917</u>	<u>61,550</u>	<u>25,633</u>
<u>\$ -0-</u>	<u>\$ 960,880</u>	<u>\$ 960,880</u>	<u>\$ -0-</u>	<u>\$ 38,623</u>	<u>\$ 38,623</u>

TOWNSHIP OF RICHFIELD  
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
YEAR ENDED MARCH 31, 2004

	<u>Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes and assessments	\$ 824,113	\$ 974,085	\$ 149,972
Intergovernmental	445,780	443,685	(2,095)
Charges for services	92,886	158,203	65,317
Fines and forfeitures	49,000	55,315	6,315
Licenses, permits, and fees	35,100	42,923	7,823
Interest	29,570	8,500	(21,070)
Other	27,100	76,883	49,783
Total Revenues	<u>1,503,549</u>	<u>1,759,594</u>	<u>256,045</u>
Expenditures:			
General government	497,685	463,337	34,348
Fire	224,395	163,949	60,446
Law enforcement	297,990	312,361	(14,371)
Library	72,150	69,084	3,066
Ambulance	141,733	140,904	829
Sanitation	309,282	290,985	18,297
Road projects	39,929	15,791	24,138
Inspection	38,828	44,619	(5,791)
Recreation	22,850	23,060	(210)
Debt service	64,827	69,210	(4,383)
Total Expenditures	<u>1,709,669</u>	<u>1,593,300</u>	<u>116,369</u>
Excess:			
Revenue over (under) expenditures	<u>(206,120)</u>	<u>166,294</u>	<u>372,414</u>
Other financing sources (uses):			
Operating transfers in	93,714	103,714	10,000
Operating transfers out	<u>(93,714)</u>	<u>(103,714)</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other uses	(206,120)	166,294	372,414
Fund Balance - April 1	<u>206,120</u>	<u>1,029,468</u>	<u>823,348</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ 1,195,762</u>	<u>\$ 1,195,762</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004

NOTE A: ENTITY

The Township of Richfield is a general law Township of the State of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including liquor law enforcement, community enrichment, and human services. As required by generally accepted accounting principles and governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present Richfield Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Richfield conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Fund Accounting - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three generic fund types and two account groups, as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds - The Debt Service Funds are used to record the funding and payment of principal and interest on debt reported in the general long term debt account group.

Capital Projects Funds - The Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

FIDUCIARY FUNDS

Agency - These funds are used to account for assets held in trust or as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

BASIS OF ACCOUNTING - The modified accrual basis of accounting is used by all governmental funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related fund liability is incurred. Modifications from the accrual basis are as follows:

a. Property tax revenue are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 15 with the final collection date of February 28 before they are added to the County delinquent tax rolls. All taxes levied on December 1, 2003 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective fund.

- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- c. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- d. Normally, expenditures are not divided between years by the recording of prepaid expenses.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year.

Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Budgets adopted end as of March 31, of each year. There are no carryover budget items.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost, or donated, fair market value. Expenditures which materially extend the useful life of existing properties or equipment are capitalized. Certain governmental improvements, including roads, bridges and drains are not capitalized. General fixed assets are recorded as expenditures at the time of purchase.

COMPENSATED ABSENCES - The Townships policy is to allow accrued sick leave time to vest for each employee up to a maximum of ninety days. Unused vacation time does not accrue from year to year. The current portion of compensated absences benefits are recorded as expenditures in governmental funds when incurred. The remainder of the liability is reported in the General Long-Term Group of Accounts.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31 2004

NOTE C - CASH AND INVESTMENTS

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash and investments	\$ 1,113,695	Petty Cash	\$ 100
Cash overdraft	(804)	Checking and Savings Account	<u>1,112,791</u>
Total	<u>\$ 1,112,891</u>	Total	<u>\$ 1,112,891</u>

The Government Accounting Standards Board Statement No. 3 risk disclosures for Richfield Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 243,294	\$ 244,860
Uninsured and Uncollateralized	<u>869,597</u>	<u>873,233</u>
Total Deposits	<u>\$ 1,112,891</u>	<u>\$ 1,118,093</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$1,112,891 and the bank balance was \$1,188,093. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 22% of the total bank balance was covered by federal depository insurance.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Investments - Act 217, PA 1982, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings, accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of ambulance patient receivables of \$124,934, library receivables of \$1,803, and law enforcement of \$6,500, totaling \$133,237.

NOTE E - PROPERTY AND EQUIPMENT

A schedule of changes in general fixed assets is as follows:

	Balance April 1	Additions	Deletions	Balance March 31
Land and improvements	\$ 136,000	\$ -0-	\$ -0-	\$ 136,000
Building and improvements	400,865	17,246	-0-	418,111
Vehicles, equipment & books	1,445,520	95,638	59,978	1,481,180
Totals	<u>\$ 1,982,385</u>	<u>\$ 112,884</u>	<u>\$ 59,978</u>	<u>\$ 2,035,291</u>

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

NOTE F - PENSION PLANS

Plan Description

Richfield Township participates in a defined benefit retirement plan administered by the Michigan Municipal Employees Retirement System, (MERS). The Townships payroll for the 20 members covered by the system for the year ended December 31, 2003 was \$419,775.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity qualified under section 401(a) of the Internal Revenue Code, which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time Township employees are eligible to participate in the system. Benefits vest after ten years of service. Township employees who retire at or after age 60 with 10 years credited service or 50 with 25 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the members's 3-year final average compensation with a maximum benefit of 80% of the 3-year final average compensation. The system also provides death and disability benefits which are established by the State Statute.

Participating Township employees are required to contribute 6.0 percent of their annual salary to the system. The Township is required to contribute the remaining amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2003. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (d) the assumption that benefits will increase 2.5% annually after retirement.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

NOTE F - PENSION PLANS (CONTINUED)

All entries are based on the actuarial methods and assumption that were used in the December 31, 2003 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial methods was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/03)

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 435,967
Terminated employees not yet receiving benefits	179,127
Non-Vested terminated employees	6,859
Current Employees:	
Accumulated employee contributions including allocated investment income	212,072
Employer financed	<u>651,215</u>
Total actuarial accrued liability	1,485,240
Net assets available for benefits, at actuarial value (Market value is \$713,602)	<u>1,027,176</u>
Unfunded (over funded) actuarial accrued liability	<u>\$ 458,064</u>

GASB 27 INFORMATION (as of 12/31/03)

Fiscal year beginning	April 1, 2005
Annual required contribution (ARC)	\$ 60,252
Amortization factor used	.053632

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

NOTE F - PENSION PLANS (CONTINUED)

Contributions Required and Contributions Made - MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2003 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2001	\$ 32,820	100%	\$ -0-
2002	36,553	100%	-0-
2003	35,995	100%	-0-

Aggregate Accrued Liabilities - Comparative Schedule

<u>Actuarial Valuation Date December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2001	\$ 824,354	\$ 1,077,954	\$ 253,600	76%	\$ 311,604	81%
2002	898,035	1,405,403	507,368	64%	418,749	121%
2003	1,027,176	1,485,240	458,064	69%	419,775	109%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, and 2000 valuations. The funding method was changed to entry age normal for the 1993 valuation.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

NOTE G - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2004:

	<u>No. of Issues</u>	<u>Maximum Interest Rate %</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Fire Hall Bond	1	11.00%	2005	\$ 40,000
Ambulance Installment Purchase	1	5.49%	2005	29,400
Law Enforcement Lease Purchases	1	6.71%	2007	<u>35,014</u>
Total				<u>\$ 104,414</u>

CHANGES IN LONG-TERM DEBT

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>
Fire Hall Bonds	\$ 60,000	\$ -0-	\$ 20,000	\$ 40,000
Compensated Absences	8,033	6,381	-0-	14,414
Ambulance Installment Purchase	44,100	-0-	14,700	29,400
Fire Equipment	9,722	-0-	9,722	-0-
Law Enforcement Lease Purchases	<u>26,142</u>	<u>26,359</u>	<u>17,487</u>	<u>35,014</u>
Totals	<u>\$ 147,997</u>	<u>\$ 32,740</u>	<u>\$ 61,909</u>	<u>\$ 118,828</u>

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE G - LONG-TERM DEBT (CONTINUED)

Annual requirements to amortize outstanding notes payable at March 31, 2004 are as follows:

	General Long-Term Debt			
	Fire Hall Bonds	Law Enforcement	Ambulance	Totals
2004-2005	\$ 21,640	\$ 16,016	\$ 15,924	\$ 53,580
2005-2006	20,550	11,642	15,108	47,300
2006-2007	-0-	7,267	-0-	7,267
2007-2008	-0-	3,634	-0-	3,634
Subtotal	42,190	38,559	31,032	111,781
Less-interest requirements	(2,190)	(3,545)	(1,632)	(7,367)
	<u>\$ 40,000</u>	<u>\$ 35,014</u>	<u>\$ 29,400</u>	<u>\$ 104,414</u>
Compensated Absences				14,414
Total Principal Outstanding				<u>\$ 118,828</u>

Fire Hall Bonds - At a regular meeting of the Township Board, it was moved and supported to issue bonds totaling \$200,000 for improvements and an addition to the Township Fire Hall. The bonds are callable after May 1, 2004 with maturity on May 1, 2005 at a rate not exceeding 11%. Interest is due November 1 and May 1 of each year with principal due each May 1 beginning May 1, 1996.

Law Enforcement Lease Purchase - At regular meetings of the Township Board, it was moved and supported to enter into a lease purchase agreement for a 2004 Crown Victoria patrol car and a 2004 Ford Expedition. The payment schedule requires six semi-annual payments (6.71% annual) of \$4,374.19 commencing December 23, 2002 and continuing until June 23, 2005 and eight semi-annual payments (6.71% annual) at \$3,633.80 commencing December 9, 2003 and continuing until June 9, 2007. The Township will acquire ownership titles at the end of the payment schedules.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE G - LONG-TERM DEBT (CONTINUED)

Ambulance Installment Purchase - On November 20, 2000, the Township Board entered into an installment purchase contract for the purchase of an ambulance. The original balance was \$73,500 with annual principal payments of \$44,700 on June 15<sup>th</sup> and semi-annual interest payments dated June 15, and December 15 at an interest rate of 5.49%.

Fire Equipment - On March 8, 2001, the Township Board entered into a lease-purchase agreement for the purchase of fire equipment. The original balance was \$42,000 with \$15,000 down upon entering the Agreement. The payment schedule requires three annual installments (8.25% per annum) commencing March 1, 2002 of \$10,524 and continuing until March 31, 2004.

Amount Available for Long-Term Debt - The \$19,524 represents the cash available and necessary to pay the principal requirements due at March 31, 2004.

NOTE H - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Township Participating Plan. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 1,500,101	\$ 100
Liability	2,000,000	-0-
Errors and Omission	2,000,000	-0-
Law Enforcement	2,000,000	-0-
Automobiles	2,000,000	100
Crime	1,000	-0-
Inland Marine	169,000	100
Workmen's Compensation	STATUTORY	-0-



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE I - DESIGNATED FUND BALANCE

The Board has designated \$7,412 in the Library Fund representing donated monies that are to be used in a future building project that has not yet started. Also, there was \$45,195 designated for capital projects. The total Designated Fund Balance is \$52,607.

NOTE J - TOTALS (MEMORANDUM ONLY) COLUMN

The total column on the combined statements is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE K - POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note F, the Township of Richfield provides post-retirement health care benefits. To be eligible, full time employees and elected officials must have more than 15 years of service with Richfield Township. These benefits were established by Board resolution and are funded on a pay-as-you-go basis. The cost for one participant during the year ended March 31, 2004 was \$8,336.

NOTE L - UNAUTHORIZED FUND BALANCE DEFICITS / CASH OVERDRAFTS:

Cash overdraft and fund balance deficits existed in the following funds as of March 31, 2004:

<u>Fund Type / Fund</u>	<u>Fund Balance Deficit</u>	<u>Cash Overdraft</u>
Special Revenue:		
Construction Codes	\$ (805)	\$ -0-
Capital Project:		
Piper	\$ -0-	\$ 161
Maple Avenue	\$ -0-	\$ 72
Ausable River Estates	\$ -0-	\$ 149
Balsam	\$ -0-	\$ 300
Barney - Matt	\$ -0-	\$ 122

Public Act 275 of 1980 requires Richfield Township to file a deficit elimination plan with the Michigan Department of Treasury within 90 days after the end of the fiscal year for each fund that ended that year in a deficit condition. Richfield Township had not filed the required plan as of the date of this audit.

**SUPPLEMENTARY  
INFORMATION**

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, COMPARED TO BUDGET  
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2003</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 138,300	\$ 146,035	\$ 7,735	\$ 137,315
Trailer taxes	<u>120</u>	<u>240</u>	<u>120</u>	<u>240</u>
Total Taxes and Assessments	<u>138,420</u>	<u>146,275</u>	<u>7,855</u>	<u>137,555</u>
Intergovernmental:				
State shared revenues	325,000	322,375	(2,625)	349,094
Swamp tax	<u>32,180</u>	<u>32,189</u>	<u>9</u>	<u>32,199</u>
Total Intergovernmental	<u>357,180</u>	<u>354,564</u>	<u>(2,616)</u>	<u>381,293</u>
Charges for Services:				
Fees	21,431	42,391	20,960	21,222
Rent	<u>100</u>	<u>660</u>	<u>560</u>	<u>150</u>
Total Charges for Services	<u>21,531</u>	<u>43,051</u>	<u>21,520</u>	<u>21,372</u>
Licenses and Permits	<u>800</u>	<u>1,898</u>	<u>1,098</u>	<u>1,202</u>
Interest	<u>23,000</u>	<u>3,646</u>	<u>(19,354)</u>	<u>9,968</u>
Other:				
Sale of cemetery lots	-0-	7,110	7,110	4,510
Burial fees	12,000	10,575	(1,425)	10,675
Refunds & reimbursements	<u>1,000</u>	<u>2,296</u>	<u>1,296</u>	<u>3,349</u>
Total Other	<u>13,000</u>	<u>19,981</u>	<u>6,981</u>	<u>18,534</u>
Other Financing Sources:				
Operating transfers in	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>	<u>-0-</u>
Total Revenues and other Financing Sources	<u>\$ 553,931</u>	<u>\$ 579,415</u>	<u>\$ 25,484</u>	<u>\$ 569,924</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance	Actual
	Budget	Actual	Favorable (Unfavorable)	2003
General Government				
Township Board:				
Salaries-board	\$ 3,600	\$ 3,600	\$ -0-	\$ 3,600
Payroll taxes	275	275	-0-	275
Health/life insurance	15,000	2,247	12,753	18,980
Legal fees	3,000	2,122	878	2,084
Dues	2,100	6,955	(4,855)	3,046
Professional services	2,500	3,580	(1,080)	2,550
Insurance and bonds	20,000	18,102	1,898	11,885
Printing and publishing	2,000	2,425	(425)	2,764
Office supplies	3,500	4,130	(630)	8,769
Miscellaneous	1,550	1,777	(227)	1,680
Total Township Board	<u>53,525</u>	<u>45,213</u>	<u>8,312</u>	<u>55,633</u>
Township Supervisor:				
Salaries & wages	55,539	56,615	(1,076)	56,928
Payroll taxes	4,250	4,331	(81)	4,355
Mileage	600	399	201	483
Office supplies	2,400	1,956	444	2,495
Printing & publishing	4,500	5,094	(594)	3,749
Education & training	-0-	-0-	-0-	145
Total Township Supervisor	<u>67,289</u>	<u>68,395</u>	<u>(1,106)</u>	<u>68,155</u>
Elections:				
Salaries & wages	5,000	2,410	2,590	1,148
Contract services	-0-	-0-	-0-	3,420
Repairs and maintenance	1,500	2,687	(1,187)	34
Mileage	200	257	(57)	273
Office supplies	1,000	410	590	1,232
Printing & publishing	2,000	221	1,779	671
Capital outlay	1,000	-0-	1,000	-0-
Total Elections	<u>10,700</u>	<u>5,985</u>	<u>4,715</u>	<u>6,778</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>		Variance	Actual
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>2003</u>
General Government (continued)				
Township Clerk:				
Salary - clerk	\$ 19,039	\$ 18,411	\$ 628	\$ 19,039
Salary - deputy	7,280	7,140	140	7,280
Payroll taxes	2,013	1,955	58	2,013
Mileage	-0-	24	(24)	711
Office supplies	300	-0-	300	278
Education & training	-0-	-0-	-0-	1,198
Total Township Clerk	<u>28,632</u>	<u>27,530</u>	<u>1,102</u>	<u>30,519</u>
Township Treasurer:				
Salary - treasurer	19,039	18,673	366	19,039
Salary - deputy	5,200	5,100	100	5,200
Payroll taxes	1,900	1,819	81	1,854
Office supplies	4,300	3,014	1,286	4,382
Mileage	400	414	(14)	167
Tax statements	5,800	4,979	821	5,858
Education & training	-0-	-0-	-0-	120
Total Township Treasurer	<u>36,639</u>	<u>33,999</u>	<u>2,640</u>	<u>36,620</u>
Board of Review:				
Meeting allowance	1,500	709	791	1,353
Printing & publishing	200	190	10	80
Education & training	200	-0-	200	175
Total Board of Review	<u>1,900</u>	<u>899</u>	<u>1,001</u>	<u>1,608</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance	Actual
	Budget	Actual	Favorable (Unfavorable)	2003
General Government (continued)				
Township Hall:				
Salaries & wages	\$ 92,000	\$ 94,627	\$ (2,627)	\$ 127,062
Payroll taxes	10,300	9,159	1,141	12,825
Utilities	13,000	10,309	2,691	10,449
Health insurance	49,000	51,744	(2,744)	66,623
Repairs and maintenance	15,500	16,089	(589)	22,693
Mileage	800	308	492	507
Communications	5,000	4,902	98	5,861
Supplies	600	306	294	675
Equipment/building	18,000	7,956	10,044	6,660
Total Township Hall	204,200	195,400	8,800	253,355
Cemetery:				
Operating supplies	800	459	341	241
Burial fees	10,000	8,100	1,900	8,625
Insurance	500	500	-0-	500
Maintenance & repairs	5,500	2,543	2,957	1,563
Miscellaneous	500	425	75	574
Total Cemetery	17,300	12,027	5,273	11,503
Planning & zoning:				
Wages & meetings	9,100	9,450	(350)	9,580
Payroll taxes	900	585	315	597
Legal & professional	-0-	4,352	(1,352)	20,847
Mileage	3,000	-0-	-0-	-0-
Office supplies	-0-	438	62	434
Printing & publishing	500	797	203	638
Miscellaneous	1,000	-0-	-0-	30
Total Planning & Zoning	14,500	15,622	(1,122)	32,126
Other Activities:				
M.E.R.S.	42,000	38,430	3,570	38,998
Airport	3,000	3,067	(67)	3,046
Street lights	18,000	16,770	1,230	16,560
Total Other Activities	63,000	58,267	4,733	58,604
Total General Government	497,685	463,337	34,348	554,901

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET  
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>		Variance	Actual
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>2003</u>
Other Financing Uses:				
Operating transfers out	\$ <u>88,296</u>	\$ <u>88,296</u>	\$ <u>-0-</u>	\$ <u>75,000</u>
Total Expenditures and Other Financing Uses	\$ <u><u>585,981</u></u>	\$ <u><u>551,633</u></u>	\$ <u><u>34,348</u></u>	\$ <u><u>629,901</u></u>

TOWNSHIP OF RICHFIELD  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004

	<u>Road</u>	<u>Fire</u>	<u>Law Enforcement</u>	<u>Park</u>
<b>ASSETS</b>				
Cash and investments	\$ 8,563	\$ 63,593	\$ 12,455	\$ 6,605
Taxes receivable	-0-	146,934	245,170	-0-
Accounts receivable	<u>-0-</u>	<u>-0-</u>	<u>6,500</u>	<u>-0-</u>
Total Assets	<u>\$ 8,563</u>	<u>\$ 210,527</u>	<u>\$ 264,125</u>	<u>\$ 6,605</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -0-	\$ 487	\$ 7,678	\$ -0-
Deferred revenue	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>-0-</u>	<u>487</u>	<u>7,678</u>	<u>-0-</u>
<b>Fund Balance:</b>				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>8,563</u>	<u>210,040</u>	<u>256,447</u>	<u>6,605</u>
Total Fund Equity	<u>8,563</u>	<u>210,040</u>	<u>256,447</u>	<u>6,605</u>
Total Liabilities and Fund Equity	<u>\$ 8,563</u>	<u>\$ 210,527</u>	<u>\$ 264,125</u>	<u>\$ 6,605</u>



<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Waste Disposal</u>	<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Library</u>
\$ 52,712	\$ 194	\$ 17,760	\$ -0-	\$ 1,283	\$ 8,394
73,067	-0-	329,472	-0-	-0-	-0-
<u>124,934</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,803</u>
<u>\$ 250,713</u>	<u>\$ 194</u>	<u>\$ 347,232</u>	<u>\$ -0-</u>	<u>\$ 1,283</u>	<u>\$ 10,197</u>
\$ 4,275	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 380
<u>124,934</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>129,209</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>380</u>
-0-	-0-	-0-	-0-	-0-	7,412
<u>121,504</u>	<u>194</u>	<u>347,232</u>	<u>-0-</u>	<u>1,283</u>	<u>2,405</u>
<u>121,504</u>	<u>194</u>	<u>347,232</u>	<u>-0-</u>	<u>1,283</u>	<u>9,817</u>
<u>\$ 250,713</u>	<u>\$ 194</u>	<u>\$ 347,232</u>	<u>\$ -0-</u>	<u>\$ 1,283</u>	<u>\$ 10,197</u>

TOWNSHIP OF RICHFIELD  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004

	<u>Construction Codes</u>	<u>Totals (Memorandum Only)</u>
ASSETS		
Cash and investments	\$ 152	\$ 171,711
Taxes receivable	-0-	794,643
Accounts receivable	<u>-0-</u>	<u>133,237</u>
Total Assets	<u>\$ 152</u>	<u>\$ 1,099,591</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 957	\$ 13,777
Deferred revenue	<u>-0-</u>	<u>124,934</u>
Total Liabilities	<u>957</u>	<u>138,711</u>
Fund Balance:		
Designated	-0-	7,412
Undesignated	<u>(805)</u>	<u>953,468</u>
Total Fund Equity	<u>(805)</u>	<u>960,880</u>
Total Liabilities and Fund Equity	<u>\$ 152</u>	<u>\$ 1,099,591</u>

TOWNSHIP OF RICHFIELD  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004

	Road	Fire	Law Enforcement	Park
Revenues:				
Taxes	\$ -0-	\$ 147,295	\$ 246,279	\$ -0-
Federal	-0-	-0-	84,928	-0-
State	-0-	-0-	1,851	-0-
Charges for services	-0-	5	401	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	89	1,487	342	141
Penal Fines	-0-	-0-	1,307	-0-
Other	848	5,149	32,202	7,775
Total Revenues	<u>937</u>	<u>153,936</u>	<u>367,310</u>	<u>7,916</u>
Expenditures:				
Personal service	-0-	27,180	173,927	265
Payroll taxes	-0-	2,168	16,039	-0-
Fringe benefits	-0-	-0-	57,116	-0-
Utilities	-0-	4,829	4,210	3,010
Vehicle	-0-	885	7,935	-0-
Mileage	-0-	1,568	-0-	-0-
Office supplies	-0-	3,659	9,254	-0-
Insurance	-0-	17,158	17,525	2,731
Supplies/repairs	-0-	11,557	17,825	8,412
Contract services	-0-	400	300	41
Miscellaneous	-0-	3,705	5,722	-0-
Equipment/building	-0-	90,840	-0-	8,601
Payment to other governmental units	-0-	-0-	-0-	-0-
Debt payments	-0-	10,524	18,892	-0-
Total Expenditures	<u>-0-</u>	<u>174,473</u>	<u>328,745</u>	<u>23,060</u>
Excess:				
Revenues over (under) expenditures	<u>937</u>	<u>(20,537)</u>	<u>38,565</u>	<u>(15,144)</u>
Other Financing Sources (Uses):				
Operating transfers in	-0-	-0-	74,914	5,000
Operating transfers out	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>74,914</u>	<u>5,000</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	937	(20,537)	113,479	(10,144)
Fund Balance - April 1	<u>7,626</u>	<u>230,577</u>	<u>142,968</u>	<u>16,749</u>
Fund Balance - March 31	<u>\$ 8,563</u>	<u>\$ 210,040</u>	<u>\$ 256,447</u>	<u>\$ 6,605</u>

<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Waste Disposal</u>	<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Library</u>
\$ 73,345	\$ -0-	\$ 329,472	\$ -0-	\$ -0-	\$ 5,938
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	2,342
113,661	-0-	-0-	-0-	-0-	1,085
-0-	-0-	-0-	-0-	-0-	-0-
499	4	1,437	-0-	-0-	412
-0-	-0-	-0-	-0-	-0-	54,008
3,762	2,321	-0-	-0-	1,610	3,235
<u>191,267</u>	<u>2,325</u>	<u>330,909</u>	<u>-0-</u>	<u>1,610</u>	<u>67,020</u>
45,640	-0-	-0-	-0-	-0-	35,765
3,701	-0-	-0-	-0-	-0-	2,927
164	-0-	-0-	-0-	-0-	16,081
4,925	-0-	-0-	-0-	-0-	2,244
1,600	-0-	-0-	-0-	-0-	-0-
607	1,713	-0-	-0-	-0-	-0-
5,847	-0-	-0-	-0-	-0-	2,071
7,193	-0-	-0-	-0-	-0-	796
5,220	-0-	-0-	-0-	795	103
400	-0-	290,985	-0-	-0-	100
2,077	-0-	-0-	-0-	-0-	1,561
8,749	-0-	-0-	-0-	-0-	7,436
54,781	-0-	-0-	-0-	-0-	-0-
16,734	-0-	-0-	-0-	-0-	-0-
<u>157,638</u>	<u>1,713</u>	<u>290,985</u>	<u>-0-</u>	<u>795</u>	<u>69,084</u>
<u>33,629</u>	<u>612</u>	<u>39,924</u>	<u>-0-</u>	<u>815</u>	<u>(2,064)</u>
-0-	-0-	-0-	-0-	-0-	10,000
-0-	-0-	-0-	(5,418)	-0-	-0-
-0-	-0-	-0-	(5,418)	-0-	10,000
33,629	612	39,924	(5,418)	815	7,936
<u>87,875</u>	<u>(418)</u>	<u>307,308</u>	<u>5,418</u>	<u>468</u>	<u>1,881</u>
<u>\$ 121,504</u>	<u>\$ 194</u>	<u>\$ 347,232</u>	<u>\$ -0-</u>	<u>\$ 1,283</u>	<u>\$ 9,817</u>

TOWNSHIP OF RICHFIELD  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004

	Construction Code	Totals (Memorandum Only)
Revenues:		
Taxes	\$ -0-	\$ 802,329
Federal	-0-	84,928
State	-0-	4,193
Charges for services	-0-	115,152
Licenses and permits	41,025	41,025
Interest	-0-	4,411
Penal Fines	-0-	55,315
Other	-0-	56,902
Total Revenues	<u>41,025</u>	<u>1,164,255</u>
Expenditures:		
Personal service	15,000	297,777
Payroll taxes	1,206	26,041
Fringe benefits	2,108	75,469
Utilities	630	19,848
Vehicle	-0-	10,420
Mileage	968	4,856
Office supplies	441	21,272
Insurance	150	45,553
Supplies/repairs	-0-	43,912
Contract services	23,760	315,986
Miscellaneous	356	13,421
Equipment/building	-0-	115,626
Payment to other governmental units	-0-	54,781
Debt payments	-0-	46,150
Total Expenditures	<u>44,619</u>	<u>1,091,112</u>
Excess:		
Revenues over (under) expenditures	<u>(3,594)</u>	<u>73,143</u>
Other Financing Sources (Uses):		
Operating transfers in	3,800	93,714
Operating transfers (out)	-0-	(5,418)
Total Other Financing Sources (Uses)	<u>3,800</u>	<u>88,296</u>
Excess:		
Revenue and other financing sources over (under) expenditures and financing uses	206	161,439
Fund Balance - April 1	<u>(1,011)</u>	<u>799,441</u>
Fund Balance - March 31	<u>\$ (805)</u>	<u>\$ 960,880</u>

TOWNSHIP OF RICHFIELD  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004

	<u>Township Road Improvement</u>	<u>Sunset Drive</u>	<u>Fire Hall</u>	<u>Totals (Memorandum Only)</u>
ASSETS				
Cash and investments	\$ 7,171	\$ 6,053	\$ 8	\$ 13,232
Special assessment receivable	<u>-0-</u>	<u>1,700</u>	<u>23,691</u>	<u>25,391</u>
Total Assets	<u>\$ 7,171</u>	<u>\$ 7,753</u>	<u>\$ 23,699</u>	<u>\$ 38,623</u>
FUND EQUITY:				
Fund balance	<u>\$ 7,171</u>	<u>\$ 7,753</u>	<u>\$ 23,699</u>	<u>\$ 38,623</u>
Total Liabilities and Fund Equity	<u>\$ 7,171</u>	<u>\$ 7,753</u>	<u>\$ 23,699</u>	<u>\$ 38,623</u>

TOWNSHIP OF RICHFIELD  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
MARCH 31, 2004

	Township Road Improvement	Sunset Drive	Fire Hall	Totals (Memorandum Only)
Revenues:				
Special Assessments	\$ -0-	\$ 1,700	\$ 23,781	\$ 25,481
Interest	<u>431</u>	<u>-0-</u>	<u>12</u>	<u>443</u>
Total Revenue	<u>431</u>	<u>1,700</u>	<u>23,793</u>	<u>25,924</u>
Expenditures				
Debt Service	-0-	-0-	23,060	23,060
Road Maintenance	<u>13,276</u>	<u>2,515</u>	<u>-0-</u>	<u>15,791</u>
Total Expenditures	<u>13,276</u>	<u>2,515</u>	<u>23,060</u>	<u>38,851</u>
Excess Revenues over (under) Expenditures	<u>(12,845)</u>	<u>(815)</u>	<u>733</u>	<u>(12,927)</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(10,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(10,000)</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other Uses	(22,845)	(815)	733	(22,927)
Fund Balance - April 1	<u>30,016</u>	<u>8,568</u>	<u>22,966</u>	<u>61,550</u>
Fund Balance - March 31	<u>\$ 7,171</u>	<u>\$ 7,753</u>	<u>\$ 23,699</u>	<u>\$ 38,623</u>

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET - ALL CAPITAL PROJECT FUNDS  
MARCH 31, 2004

	<u>Piper</u>	<u>Lakewood Beach Subdivision</u>	<u>Riverside Drive East</u>
ASSETS			
Cash and investments	\$ -0-	\$ 517	\$ 2,832
Special assessment receivable	<u>330</u>	<u>2,400</u>	<u>1,100</u>
Total Assets	<u>\$ 330</u>	<u>\$ 2,917</u>	<u>\$ 3,932</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Cash overdraft	\$ 161	\$ -0-	\$ -0-
Total Liabilities	<u>161</u>	<u>-0-</u>	<u>-0-</u>
Fund Equity:			
Fund balance designated For capital projects	<u>169</u>	<u>2,917</u>	<u>3,932</u>
Total Fund Equity	<u>169</u>	<u>2,917</u>	<u>3,932</u>
Total Liabilities and Fund Equity	<u>\$ 330</u>	<u>\$ 2,917</u>	<u>\$ 3,932</u>



<u>Riverside Drive West</u>	<u>Public Improvement</u>	<u>Maple Avenue</u>	<u>Blueberry Acres</u>	<u>June Street</u>
\$ 758	\$ 4,514	\$ -0-	\$ 4,601	\$ 1,653
<u>1,440</u>	<u>-0-</u>	<u>475</u>	<u>7,080</u>	<u>1,360</u>
<u>\$ 2,198</u>	<u>\$ 4,514</u>	<u>\$ 475</u>	<u>\$ 11,681</u>	<u>\$ 3,013</u>
\$ -0-	\$ -0-	\$ 72	\$ -0-	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>72</u>	<u>-0-</u>	<u>-0-</u>
<u>2,198</u>	<u>4,514</u>	<u>403</u>	<u>11,681</u>	<u>3,013</u>
<u>2,198</u>	<u>4,514</u>	<u>403</u>	<u>11,681</u>	<u>3,013</u>
<u>\$ 2,198</u>	<u>\$ 4,514</u>	<u>\$ 475</u>	<u>\$ 11,681</u>	<u>\$ 3,013</u>

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET - ALL CAPITAL PROJECT FUNDS  
MARCH 31, 2004

	<u>Richter Street</u>	<u>Elm Street</u>	<u>Ausable River Estates</u>	<u>Hiawatha</u>	<u>Tamarack</u>
<b>ASSETS</b>					
Cash and investments	\$ 841	\$ 470	\$ -0-	\$ 153	\$ 596
Special assessment receivable	<u>880</u>	<u>680</u>	<u>2,640</u>	<u>800</u>	<u>760</u>
Total Assets	<u>\$ 1,721</u>	<u>\$ 1,150</u>	<u>\$ 2,640</u>	<u>\$ 953</u>	<u>\$ 1,356</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Cash overdraft	\$ -0-	\$ -0-	\$ 149	\$ -0-	\$ -0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>149</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Equity:</b>					
Fund balance designated For capital projects	<u>1,721</u>	<u>1,150</u>	<u>2,491</u>	<u>953</u>	<u>1,356</u>
Total Fund Equity	<u>1,721</u>	<u>1,150</u>	<u>2,491</u>	<u>953</u>	<u>1,356</u>
Total Liabilities and Fund Equity	<u>\$ 1,721</u>	<u>\$ 1,150</u>	<u>\$ 2,640</u>	<u>\$ 953</u>	<u>\$ 1,356</u>

<u>Estwood</u>	<u>Balsam</u>	<u>Barney - Matt</u>	<u>Hoffmeister</u>	<u>Mendota</u>	<u>Souix</u>	<u>Totals (Memorandum Only)</u>
\$ 477	\$ -0-	\$ -0-	\$ 185	\$ 1,235	\$ 692	\$ 19,524
<u>450</u>	<u>480</u>	<u>450</u>	<u>700</u>	<u>3,100</u>	<u>1,350</u>	<u>26,475</u>
<u>\$ 927</u>	<u>\$ 480</u>	<u>\$ 450</u>	<u>\$ 885</u>	<u>\$ 4,335</u>	<u>\$ 2,042</u>	<u>\$ 45,999</u>
\$ -0-	\$ 300	\$ 122	\$ -0-	\$ -0-	\$ -0-	\$ 804
<u>-0-</u>	<u>300</u>	<u>122</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>804</u>
<u>927</u>	<u>180</u>	<u>328</u>	<u>885</u>	<u>4,335</u>	<u>2,042</u>	<u>45,195</u>
<u>927</u>	<u>180</u>	<u>328</u>	<u>885</u>	<u>4,335</u>	<u>2,042</u>	<u>45,195</u>
<u>\$ 927</u>	<u>\$ 480</u>	<u>\$ 450</u>	<u>\$ 885</u>	<u>\$ 4,335</u>	<u>\$ 2,042</u>	<u>\$ 45,999</u>

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ALL CAPITAL PROJECT FUNDS  
 YEAR ENDED MARCH 31, 2004

	<u>Piper</u>	<u>Lakewood Beach Subdivision</u>	<u>Riverside Drive- East</u>	<u>Riverside Drive- West</u>
Revenue:				
Special Assessments	\$ 330	\$ 2,400	\$ 1,100	\$ 1,440
Total Revenue	<u>330</u>	<u>2,400</u>	<u>1,100</u>	<u>1,440</u>
Expenditures:				
Contracted services	<u>398</u>	<u>2,850</u>	<u>920</u>	<u>934</u>
Total Expenditures	<u>398</u>	<u>2,850</u>	<u>920</u>	<u>934</u>
Excess:				
Revenue over (under) expenditures	(68)	(450)	180	506
Fund balance - April 1	<u>237</u>	<u>3,367</u>	<u>3,752</u>	<u>1,692</u>
Fund Balance - March 31	<u>\$ 169</u>	<u>\$ 2,917</u>	<u>\$ 3,932</u>	<u>\$ 2,198</u>

<u>Public Improvement</u>	<u>Maple Avenue</u>	<u>Blueberry Acres</u>	<u>June Street</u>	<u>Richter Street</u>	<u>Elm Street</u>
\$ -0-	\$ 475	\$ 7,080	\$ 1,360	\$ 880	\$ 680
-0-	475	7,080	1,360	880	680
-0-	717	8,025	1,958	710	1,251
-0-	717	8,025	1,958	710	1,251
-0-	(242)	(945)	(598)	170	(571)
4,514	645	12,626	3,611	1,551	1,721
<u>\$ 4,514</u>	<u>\$ 403</u>	<u>\$ 11,681</u>	<u>\$ 3,013</u>	<u>\$ 1,721</u>	<u>\$ 1,150</u>

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ALL CAPITAL PROJECT FUNDS  
 YEAR ENDED MARCH 31, 2004

	<u>Ausable River Estates</u>	<u>Hiawatha</u>	<u>Tamarack</u>	<u>Estwood</u>
Revenue:				
Special Assessments	<u>\$      2,640</u>	<u>\$      800</u>	<u>\$      760</u>	<u>\$      450</u>
Total Revenue	<u>      2,640</u>	<u>      800</u>	<u>      760</u>	<u>      450</u>
Expenditures:				
Contracted services	<u>      2,477</u>	<u>      1,238</u>	<u>      1,092</u>	<u>      465</u>
Total Expenditures	<u>      2,477</u>	<u>      1,238</u>	<u>      1,092</u>	<u>      465</u>
Excess:				
Revenue over (under) expenditures	163	(438)	(332)	(15)
Fund balance - April 1	<u>      2,328</u>	<u>      1,391</u>	<u>      1,688</u>	<u>      942</u>
Fund Balance - March 31	<u><u>\$      2,491</u></u>	<u><u>\$      953</u></u>	<u><u>\$      1,356</u></u>	<u><u>\$      927</u></u>

<u>Balsam</u>	<u>Barney- Matt</u>	<u>Hoffmeister</u>	<u>Mendota</u>	<u>Souix</u>	<u>Totals (Memorandum Only)</u>
\$ 480	\$ 450	\$ 700	\$ 3,100	\$ 1,350	\$ 26,475
480	450	700	3,100	1,350	26,475
814	539	1,265	1,937	1,161	28,751
814	539	1,265	1,937	1,161	28,751
(334)	(89)	(565)	1,163	189	(2,276)
514	417	1,450	3,172	1,853	47,471
<u>\$ 180</u>	<u>\$ 328</u>	<u>\$ 885</u>	<u>\$ 4,335</u>	<u>\$ 2,042</u>	<u>\$ 45,195</u>

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET - ALL FIDUCIARY FUNDS  
MARCH 31, 2004

	<u>Trust and Agency</u>	<u>Current Tax Collection</u>	<u>Employee Health Care Fund</u>	<u>Totals (Memorandum Only)</u>
ASSETS				
Cash and investments	\$ 2,192	\$ 883,948	\$ 2,732	\$ 888,872
Total Assets	<u>\$ 2,192</u>	<u>\$ 883,948</u>	<u>\$ 2,732</u>	<u>\$ 888,872</u>
LIABILITIES				
Due to governmental units	\$ 545	\$ -0-	\$ -0-	\$ 545
Undistributed collections	<u>1,647</u>	<u>883,948</u>	<u>2,732</u>	<u>888,327</u>
Total Liabilities	<u>\$ 2,192</u>	<u>\$ 883,948</u>	<u>\$ 2,732</u>	<u>\$ 888,872</u>



TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
MARCH 31, 2004

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31</u>
<u>TRUST AND AGENCY</u>				
ASSETS				
Cash and investments	\$ 2,948	\$ 258,346	\$ 259,102	\$ 2,192
Total Assets	<u>\$ 2,948</u>	<u>\$ 258,346</u>	<u>\$ 259,102</u>	<u>\$ 2,192</u>
LIABILITIES				
Due to governmental units	\$ 441	\$ 21,791	\$ 21,687	\$ 545
Undistributed collections	<u>2,507</u>	<u>236,555</u>	<u>237,415</u>	<u>1,647</u>
Total Liabilities	<u>\$ 2,948</u>	<u>\$ 258,346</u>	<u>\$ 259,102</u>	<u>\$ 2,192</u>
<u>CURRENT TAX COLLECTIONS</u>				
ASSETS				
Cash and investments	\$ 733,929	\$ 3,251,892	\$ 3,101,873	\$ 883,948
Total Assets	<u>\$ 733,929</u>	<u>\$ 3,251,892</u>	<u>\$ 3,101,873</u>	<u>\$ 883,948</u>
LIABILITIES				
Undistributed collections	\$ 733,929	\$ 3,251,892	\$ 3,101,873	\$ 883,948
Total Liabilities	<u>\$ 733,929</u>	<u>\$ 3,251,892</u>	<u>\$ 3,101,873</u>	<u>\$ 883,948</u>
<u>EMPLOYEE HEALTH CARE FUND</u>				
ASSETS				
Cash and investments	\$ 1,424	\$ 1,308	\$ -0-	\$ 2,732
Total Assets	<u>\$ 1,424</u>	<u>\$ 1,308</u>	<u>\$ -0-</u>	<u>\$ 2,732</u>
LIABILITIES				
Undistributed collections	\$ 1,424	\$ 1,308	\$ -0-	\$ 2,732
Total Liabilities	<u>\$ 1,424</u>	<u>\$ 1,308</u>	<u>\$ -0-</u>	<u>\$ 2,732</u>

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS (CONTINUED)  
 MARCH 31, 2004

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31</u>
<u>AGENCY FUND TOTALS</u>				
ASSETS				
Cash and investments	\$ 738,301	\$ 3,511,546	\$ 3,360,975	\$ 888,872
Total Assets	<u>\$ 738,301</u>	<u>\$ 3,511,546</u>	<u>\$ 3,360,975</u>	<u>\$ 888,872</u>
LIABILITIES				
Due to governmental units	\$ 441	\$ 21,791	\$ 21,687	\$ 545
Undistributed collections	<u>737,860</u>	<u>3,489,755</u>	<u>3,339,288</u>	<u>888,327</u>
Total Liabilities	<u>\$ 738,301</u>	<u>\$ 3,511,546</u>	<u>\$ 3,360,975</u>	<u>\$ 888,827</u>

TOWNSHIP OF RICHFIELD  
GENERAL FIXED ASSET GROUP OF ACCOUNTS  
MARCH 31, 2004

ASSETS

Land and improvements	\$ 136,000
Building and improvements	418,111
Vehicles, equipment, and books	<u>1,481,180</u>
Total Assets	<u>\$ 2,035,291</u>

FUND EQUITY

Fund Equity:	
Investment in fixed assets	<u>\$ 2,035,291</u>
Total Fund Equity	<u>\$ 2,035,291</u>

TOWNSHIP OF RICHFIELD  
LONG-TERM DEBT GROUP OF ACCOUNTS  
MARCH 31, 2004

ASSETS

Amount available in debt service funds	\$ 19,524
Amount to be provided for long-term debt	<u>99,304</u>
Total Assets	<u>\$ 118,828</u>

LIABILITIES

Fire hall bonds	\$ 40,000
Law enforcement lease purchase	35,014
Ambulance note	29,400
Compensated absences	<u>14,414</u>
Total Liabilities	<u>\$ 118,828</u>



# Anderson & Decker, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653  
(989) 275-8831

### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 15, 2004

Township Board  
Richfield Township  
Roscommon County, Michigan

Dear Board:

We have audited the general purpose financial statements of Richfield Township for the year ended March 31, 2004, and have issued our report thereon dated September 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Richfield Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Richfield Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated September 15, 2004.

This report is intended solely for the information of the audit committee, management, and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.



ANDERSON & DECKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**RICHFIELD TOWNSHIP**  
**REPORT TO MANAGEMENT**  
**MARCH 31, 2004**



# Anderson & Decker, P.C.

**CERTIFIED PUBLIC ACCOUNTANTS**

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653  
(989) 275-8831

September 15, 2004

Township Board  
Richfield Township  
Roscommon, Michigan

In planning and performing our audit of the financial statements of the Richfield Township, as of and for the year ended March 31, 2004, we considered the Township's accounting, operational, and internal control procedures to determine the nature and extent of our audit testing for the purpose of expressing an opinion on the financial statements of the Township and not to provide assurance on the procedures themselves.

We did however, during the course of our audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 15, 2004, on the financial statements of Richfield Township.

We have already discussed these comments and suggestions with the Township's personnel, and we will be pleased to discuss them in further detail at your convenience, and/or to perform any additional studies of these matters, should you so desire.

Sincerely,



ANDERSON & DECKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



## COMMENTS AND RECOMMENDATIONS

### Fund Balance Deficit

As of March 31, 2004, the following funds ended the year with a fund balance deficit:

<u>Fund Type / Fund</u>	<u>Fund Balance Deficit</u>
Special Revenue:	
Construction Codes	<u>\$ (805)</u>

State statute requires the Township to submit a plan to the Department of Treasury for the elimination of the above fund balance deficits. This should be done as soon as possible through Board action.

### Budget Law

Public Act 621 of 1978, entitled the Uniform Budgeting and Accounting Act, requires that the Township Board adopt a general appropriations act. The adoption of a general appropriations act encompasses all governmental funds of the Township.

The Act provides, in part, that expenditures incurred on a functional basis cannot exceed the budgeted amounts. During the year ended March 31, 2004, certain areas did exceed the budgeted amounts as noted below.

We recommend that the Township Board: (1) review all requirements of Public Act 621 of 1978 as amended; (2) adopt a general appropriations act for the General Fund, all Special Revenue Funds and all Debt Service Funds; (3) ascertain that functional and/or activity expenditures do not exceed the amounts budgeted.

The Township incurred functional expenditures in excess of the amount appropriated as follows:

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Township Supervisor	\$ 67,289	\$ 68,395	\$ (1,106)
Township Planning & Zoning	\$ 14,500	\$ 15,622	\$ (1,122)
Special Revenue Funds:			
Law Enforcement	\$ 311,090	\$ 328,745	\$ (17,655)
Liquor Law Enforcement	\$ 1,692	\$ 1,713	\$ (21)
Park Fund	\$ 22,850	\$ 23,060	\$ (210)
Construction Codes	\$ 38,828	\$ 44,619	\$ (5,791)

#### **GASB NO.34**

Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements, Management's Discussion and Analysis for State and Local Government" is a wide sweeping change in how governments will report their financial information. This new reporting model requires the fixed assets of the Township to be reported and depreciated within the Comprehensive financial statements along with substantial changes in how the departments and funds of the Township would be reported. The implementation of this pronouncement is in three phases. Richfield Township would fall into the third phase, requiring it to start reporting under this pronouncement in the year beginning April 1, 2004. The Township Board should create a committee which would include, but not be limited to, the Clerk and Treasurer to start preparing the Township for the new reporting and record keeping requirements. The Clerk is currently collecting the detail from the predecessor auditors for the totals included in this audit report. This detail will be necessary to create the schedules to prepare the financial statements in accordance with GASB 34.